

Fed. Circ. Patent Ruling Clarifies Section 101 Procedures

By **Thomas Sprankling and Vikram Iyer** (August 27, 2024)

Courts have long interpreted Title 35 of the U.S. Code, Section 101, to bar patenting abstract ideas, laws of nature or natural phenomena.[1]

But until six years ago, the U.S. Court of Appeals for the Federal Circuit's Section 101 case law could have at least reasonably been understood to treat the issue as a pure question of law to be most often resolved at the motion-to-dismiss stage. A patent either claimed an unpatentable idea, law or phenomenon on its face, or it did not.[2]

The Federal Circuit's 2018 decisions in *Aatrix Software Inc. v. Green Shades Software Inc.*[3] and *Berkheimer v. HP Inc.*[4] complicated this type of binary analysis by holding that Section 101's applicability can turn on questions of fact — such as whether the patent directed to an abstract idea nevertheless included an inventive concept that was not conventional, routine or well understood.[5]

At the time, a dissenting judge observed that the rulings would "creat[e] a period of uncertainty" regarding the procedure on how to raise or respond to Section 101 challenges, and predicted that Section 101 "will rarely be resolved early in the case, and will instead be carried through to trial." [6]

Commentators made similar predictions, noting that *Aatrix* and *Berkheimer* may have profound implications, such as making "district courts ... more reluctant to address the [Section] 101 analysis" before trial.[7]

Today, while many other questions remain about the scope of Section 101, the path to successfully filing or contesting a Section 101 motion to dismiss is relatively well trodden.

The Federal Circuit's Aug. 6 decision affirming a dismissal at the pleading stage — *Mobile Acuity Ltd. v. Blippar Ltd.*[8] — encapsulates the principles developed over the last half-decade.

The complaint's allegations may not automatically fend off a Section 101 motion to dismiss, but can make the motion harder.

Mobile Acuity reiterates a basic principle reaffirmed numerous times since *Aatrix*: As a general matter, a defendant may raise a Section 101 challenge at the motion-to-dismiss stage.[9]

More notably, *Mobile Acuity* confirms that — at least under Ninth Circuit procedure — a plaintiff cannot evade a motion to dismiss simply by failing to make allegations related to Section 101 in the complaint.[10] Although Section 101 is an affirmative defense, it can be raised in a motion to dismiss where the fact that the patents claim an unpatentable idea, law or phenomenon is apparent on the face of those patents.[11]



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Because the Mobile Acuity Court held that the ability to raise an affirmative defense at the pleading stage was a question controlled by regional circuit law, parties filing outside the Ninth Circuit should consult their jurisdiction's case law to confirm that it permits similar facial challenges at the pleading stage.

If plaintiffs cannot avoid a pleading-stage Section 101 challenge by omitting Section 101-related allegations from their complaint, Mobile Acuity teaches that plaintiffs may consider embracing Section 101.

For example, it has been well established since the Federal Circuit's decision in cases like *Electric Power* that a patent claim that can be reduced to the basic concepts of "collecting, analyzing, and presenting information using ... conventional operations of generic computer components" cannot survive Section 101.[12]

A plaintiff may wish to provide robust factual allegations in the complaint explaining why the claimed invention recites an improvement in computer functionality that goes beyond speed and efficiency, or an inventive concept to place itself in a stronger position in opposing a motion to dismiss.[13]

However, those allegations must be specific, as conclusory allegations will be disregarded, as will allegations that are unsupported by or that contradict the patent's written description.[14]

Both plaintiffs and defendants should consider staking out a clear position on whether the patent has a representative claim for purposes of Section 101.

Mobile Acuity is perhaps most notable for clarifying the standards regarding when a claim is considered representative for purposes of Section 101.

Whether a patent with dozens of claims can be declared invalid based on an exemplar claim or two can be crucial at the motion-to-dismiss stage, where page space is often limited and any increase in the complexity of the technology at issue might push a district court toward delaying resolution of the Section 101 analysis until a later stage.

Mobile Acuity teaches that, if a defendant chooses to identify a representative claim, it should be clear and steadfast in explaining the claim's representativeness. It is the defendant's burden to show that the challenged claims "are 'substantially similar and linked to the same' ineligible concept." [15]

In other words, absent some agreement with — or a concession by — the plaintiff on representativeness, a defendant always has the initial duty to provide a persuasive theory for why a particular claim or claims are representative of the rest.

As the Mobile Acuity court explained, this burden is required by the presumption of validity and the background statutory principle that "each claim of a patent ... shall be presumed valid independently of the validity of the other claims." [16]

A plaintiff, however, cannot contest representativeness without providing some explanation to refute a defendant's showing. The plaintiff must present at least "non-frivolous arguments as to why the eligibility of the identified representative claim cannot fairly be treated as decisive of the eligibility of all claims in the group." [17]

This burden can be met, for example, by showing "why a claim has 'distinctive significance'

that would have a material impact on the eligibility analysis." [18] What a plaintiff should not do is remain silent when it has a plausible argument for why claims beyond those identified as representative should be considered for purposes of Section 101.

Otherwise, a plaintiff risks precisely what happened in *Mobile Acuity*: a holding that a Section 101 ruling that addressed only a handful of specific claims invalidated the asserted patents in their entirety. [19]

A plaintiff asserting that claim construction or discovery is needed before Section 101 can be resolved should come armed with specifics.

Along similar lines as its representativeness holding, *Mobile Acuity* reminds that plaintiffs that seek to attack a 12(b)(6) motion as premature must identify specific details to back up such an assertion.

For example, a patent holder cannot "conclusorily assert[] it needs discovery" before responding to the defendant's arguments. [20] Likewise, "[t]o defeat a motion to dismiss based on the purported need for claim construction, a patentee must propose a specific claim construction ... and explain why [any dispute] ... must be resolved before the scope of the claims can be understood for [Section] 101 purposes." [21]

And, of course, a defendant should be prepared to rebut these arguments where possible, such as by explaining why a proposed claim construction is irrelevant to the Section 101 analysis or why further discovery would be futile.

Reliance on the same basic innovation to survive Alice Step 1 and Alice Step 2 presents a pitfall for plaintiffs and an opportunity for defendants.

Finally, *Mobile Acuity* illustrates a common pitfall for plaintiffs — and an opportunity for savvy defendants — when it comes to identifying the requisite inventive concept at Step 2 of the test derived from the U.S. Supreme Court's 2014 ruling in *Alice Corp. v. CLS Bank International*.

With some exceptions, the Federal Circuit has generally treated Alice Step 1 — i.e., whether the patent is directed to an abstract idea, law of nature or natural phenomenon — as a question of law that can be resolved without resorting to extrinsic evidence. [22]

A plaintiff that makes a similar argument on patent-eligibility at both Alice Step 1 and Alice Step 2 — for example, contending that the patent is directed to an innovation that goes beyond an abstract idea, but arguing in the alternative that the same innovation at least provides an inventive concept — may be inadvertently surrendering a key procedural advantage at the pleading stage.

As *Mobile Acuity* explains, if the court has already concluded as a matter of law that a particular innovation is an abstract idea at Alice Step 1, then a plaintiff cannot rely on that same concept at Alice Step 2 regardless of any well-pled allegations regarding how unconventional or nonroutine that concept is.

This is because "a claim for a new abstract idea is still an abstract idea," [23] and, in any event, the inventive concept must be something "significantly more' than th[e] abstract idea" [24] in order to survive Section 101.

Defendants, too, should keep an eye out for — and capitalize on — this kind of overlap in

the plaintiffs' arguments.

Conclusion

While the end result in *Mobile Acuity* is relatively unremarkable, the decision provides a helpful checklist of considerations for both patentees and accused infringers alike.

Most notably, both parties should strive to give the district court as much analysis and reasoning for their positions as possible.

A plaintiff that fails, for example, to contest that a particular claim is representative, to explain why discovery or claim construction is needed, or to clearly explain why the asserted claims go beyond an abstract idea may forever miss out on the chance to press these arguments at future stages — whether in front of the district court or the Federal Circuit.

A defendant, on the other hand, should be ready to highlight any such silence from the plaintiff as a reason for why a sweeping early dismissal of a patent infringement claim is appropriate.

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[1] E.g., *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 573 U.S. 208, 216 (2014). Under *Alice*, the Section 101 analysis proceeds in two parts. Alice Step 1 considers "whether the claims at issue are directed to ... patent-ineligible concepts." *Id.* at 217. If the claims are directed to ineligible subject matter, Alice Step 2 requires a "search for 'an inventive concept – i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Id.* at 217-218.

[2] See, e.g., *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1362 (Fed. Cir. 2018) (Reyna, J., dissenting from denial of rehearing en banc) ("[T]he single most consistent factor in this court's § 101 law has been our precedent that the § 101 inquiry is a question of law" and "there is no precedent that the § 101 inquiry is a question of fact").

[3] *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (Fed. Cir. 2018).

[4] *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).

[5] See, e.g., *Aatrix*, 890 F.3d at 1365-1366 (Reyna, J., dissenting from denial of rehearing en banc).

[6] *Id.* at 1363, 1365.

[7] See, e.g., Maier & Cocks, *Aatrix, Berkheimer And The Future Of Patent Eligibility*, Law360 (Sept. 28, 2018), available at <https://www.law360.com/articles/1087173/aatrix->

berkheimer-and-the-future-of-patent-eligibility.

[8] *Mobile Acuity Ltd. v. Blippar Ltd.*, --- F.4th ----, No. 2022-2216, 2024 WL 3659127 (Fed. Cir. Aug. 6, 2024).

[9] *Id.* at *5 ("[A]s we have repeatedly recognized, 'it is possible and proper to determine patent eligibility under 35 U.S.C. § 101 on a Rule 12(b)(6) motion.'").

[10] *Id.*

[11] *Id.*

[12] *Id.* at *8; see also *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353-1354 (Fed. Cir. 2016).

[13] For example, *Aatrix* itself reversed the grant of a motion to dismiss because the plaintiff amended its complaint to allege facts that precluded the district court from holding as a matter of law that the claimed innovation was well-understood, routine, or conventional. 882 F.3d at 1128-1130; see also, e.g., *Cooperative Ent., Inc. v. Kollektive Tech., Inc.*, 50 F.4th 127, 132-133 (Fed. Cir. 2022).

[14] E.g., *AI Visualize v. Nuance Commc'ns., Inc.*, 97 F.4th 1371, 1380 (Fed. Cir. 2024) ("Conclusory allegations or those 'wholly divorced' from the claims or the specification cannot defeat a motion to dismiss." (citations omitted)).

[15] *Mobile Acuity*, 2024 WL 3659127, at *6.

[16] *Id.* (quoting 35 U.S.C. § 282).

[17] *Id.*

[18] *Id.*

[19] *Id.* at *6-7.

[20] *Id.* at *6 n.4.

[21] *Id.* at *8 (quoting *Trinity Info Media, LLC v. Covalent, Inc.*, 72 F.4th 1355, 1361 (Fed. Cir. 2023) (second alteration in original)).

[22] See, e.g., *Cardionet, LLC v. Infobionic, Inc.*, 955 F.3d 1358, 1371-1372 (Fed. Cir. 2020) ("Alice step one presents a legal question that can be answered based on the intrinsic evidence.").

[23] *Mobile Acuity*, 2024 WL 3659127, at *9 (quoting *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016)).

[24] *Id.* at *9 (quoting *Simio, LLC v. FlexSim Software Prod., Inc.*, 983 F.3d 1353, 1364 (Fed. Cir. 2020)).